



UNITED STATES  
PATENT AND  
TRADEMARK OFFICE

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**Office of Chief Financial Officer Report  
USPTO Trademark Public Advisory Committee  
February 19-20, 2009**



# Outline

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- Status Report on the Trademark Fee Cost Analysis
- CFO and CAO Cost Allocated to the Trademark Organization
- Status of the FY 2010 President's Budget
- Timeline for the FY 2011 Budget formulation process



# Trademark Fee Cost Analysis

- Reasons for Conducting a Trademark Fee Cost Analysis:
  - OMB Circular A-25 Requirements – Internal Audit Review recommended, “The USPTO should conduct a biennial fee study of costs related to user fees in accordance with A-25 requirements.”
  - Good Business Sense – Knowing the cost to perform the work for a specific fee, helps to inform better decisions for any new fee strategy.
  - TPAC Request – Requested by TPAC during last session.



# Trademark Fee Cost Analysis Project Team

- **Trademarks:** Karen Strohecker, Nabil Chbouki, Alexis Hirsch, Robert Allen
- **Finance:** Steve Porter, Shiva Verma, Carrie Chang, Carla Deo, Safana Ahmed, Rajeev Vadgama, and Zhang Zhuoyun
- **Corporate Planning:** Dianne Woods, Gerard Torres



# Trademark Fee Cost Analysis

## Phase 1 – Develop Cost Basis

Sub-Phase	#	Task	Start Date	End Date	Duration (weeks)
Project Initiation	1	Project kick-off	1/27/2009	1/27/2009	0.0
	2	Develop draft project plan	1/29/2009	1/29/2009	0.0
	3	Circulate draft project plan for review	2/2/2009	2/4/2009	0.3
	4	Finalize project plan	2/5/2009	2/5/2009	0.0
	5	Identify core team members	1/29/2009	1/29/2009	0.0
	6	Identify functional, process, data and fee SMEs	2/2/2009	2/4/2009	0.3
	7	Hold formal kick-off for the Cost Study Team	2/9/2009	2/9/2009	0.0
Finalize Activity Dictionary	8	Develop as-is mapping of fee codes to ABI activities/cost objects	1/30/2009	2/7/2009	1.1
	9	Conduct focus group meetings to develop Trademark cost information needs (not exclusive to fees)	2/10/2009	2/17/2009	1.0
	10	Conduct 2 one-hour meetings with the 9 process owners to review, validate and finalize ABI activities, activity drivers and cost objects	2/18/2009	3/18/2009	4.0
	11	Review TM process maps to align with TM activity hierarchy	2/18/2009	2/25/2009	1.0
	12	Conduct meeting with major contract contractor provided services including pricing of services	3/11/2009	3/18/2009	1.0
	13	Circulate ABI activity dictionary for review and approval	3/13/2009	3/23/2009	1.4
	14	Map PPA codes to finalize ABI activities	3/13/2009	3/23/2009	1.4
Finalize rules for cost allocation	15	Develop rules for allocating QC/O system and Operational Support cost to Trademark processes	3/16/2009	3/23/2009	1.0
	16	Develop rules for allocating rent cost to Trademark orgs	3/20/2009	3/23/2009	0.4
	17	Develop rules for allocating MGE, CFO, CAO and Policy cost to Trademark orgs/processes	3/20/2009	3/23/2009	0.4
	18	Develop rules for allocating Trademark secondary costs to primary activities	3/16/2009	3/23/2009	1.0
Finalize workload data	19	Identify activity driver data sources	3/20/2009	3/31/2009	1.6
	20	Develop TRAM and other workload system queries to extract activity drivers	4/15/2009	4/30/2009	2.1
	21	Finalize queries and extract data for FY2008	5/1/2009	5/8/2009	1.0
	22	Develop and administer new Trademark examiner survey, if necessary (other option: Focus Group)	4/15/2009	4/30/2009	2.1
Revise ABI model	23	Integrate cost and fee models	3/23/2009	4/15/2009	3.3
	24	Implement changes in ABIS to stage input data	4/15/2009	4/30/2009	2.1
	25	Develop, run and validate integrated cost and fee models	5/8/2009	5/19/2009	1.6
	26	Validate results	5/19/2009	5/30/2009	1.6
<b>TOTAL</b>			<b>1/27/2009</b>	<b>5/30/2009</b>	<b>18</b>



# Trademark Fee Cost Analysis

## Phase 2 – Link Costs to Fees

Sub-Phase	#	Task	Start Date	End Date	Duration (weeks)
<b>Collect fee analysis specific data</b>	1	Conduct Trademark examiner survey (if necessary) and analyze results	4/15/2009	4/30/2009	2.1
	2	Review and validate fee tracking sheet - mapping of ABI activity/product combination to Trademark fee codes	3/23/2009	4/15/2009	3.3
	3	Review, validate and finalize fee study methodology	4/15/2009	4/30/2009	2.1
	4	Run statistical samples to validate frequency of occurrence of activity drivers	5/1/2009	5/20/2009	2.7
<b>Develop results and displays</b>	5	Develop average cost per Trademark by allowance and by application and workload cost/revenue projection	6/1/2009	6/19/2009	2.6
	6	Identify fee code costs that require bottoms-up calculation and those that can be developed based on ABI model	5/20/2009	5/30/2009	1.4
	7	Develop bottoms-up calculations	6/1/2009	6/19/2009	2.6
<b>Review and validate</b>	8	Develop displays and associated work papers	6/20/2009	6/30/2009	1.4
	9	Validate results	7/1/2009	7/15/2009	2.0
	10	Incorporate changes	7/16/2009	7/23/2009	1.0
	11	Develop murder board presentations	7/23/2009	7/30/2009	1.0
<b>TOTAL</b>			<b>4/15/2009</b>	<b>7/30/2009</b>	<b>15</b>

### Notes:

- The two phases overlap. The total projected duration for the analysis is 26 weeks.
- Trademarks has responded with suggestions for changes to this plan but these changes have not yet been discussed by the working group.

# ABI Cost Models

**RENT**

*Rent Database*

**MGE**

*cost by org  
FTE*

**CIO**

*PPA  
# of PTONet ID*

**CFO**

*PPA  
6-way split*

**CAO**

*PPA  
# of hires*

**Policy**

*PPA  
Survey*

**Trademarks**

*PPA  
# of File Wrappers, etc.*

**Patents**

*PPA  
# of Patents Issued, etc.*

**Allocated**

**Direct**

# Trademarks Model

## RESOURCES

**RENT**

**MGE**

**CIO**

Rent  
MGE

**CFO**

Rent  
MGE  
CIO

**CAO**

Rent  
MGE  
CIO

**Policy**

Rent	CFO
MGE	CAO
CIO	

**% of Total  
Comp &  
Defined  
Assignments**

**Compensation  
Contracts  
Supplies  
Travel  
Training  
Depreciation  
Maintenance  
etc.**

**PPA**

**ACTIVITIES**

**Countable Items  
from TRAM,  
Production  
Reports, etc.**

**COST OBJECTS**



# CFO and CAO Cost Allocated to the Trademarks Organization

1. The overall USPTO Patent/Trademark cost ratio changed from 88%/12% in FY07 to 89%/11% in FY08.
2. The overall Trademark share of USPTO costs decreased by 5.2% (\$11M) and the Trademark share of support costs decreased by 11.9% (\$13M) from FY07 to FY08.
3. In FY08, 91% of budgeted CFO dollars and 94% of CAO budget dollars were spent.
4. In FY08, USPTO migrated to the Program-Project-Activity (PPA) code structure enabling the CFO and CAO organizations to, in more cases than in prior years, directly charge the benefiting business lines.



# CFO and CAO Cost Allocated to the Trademarks Organization

5. Since Policy costs were ultimately allocated to Patents and Trademarks, an increase in the Policy share further increased the Trademark share of CFO and CAO costs.
6. The Trademark share of some workload drivers increased as compared to FY07, increasing its share of the cost of the activities that use those drivers.



# Status of FY 2010 President's Budget

- The FY 2010 budget level and offsetting fee collections with supporting documentation will be briefed to USPTO management.
- Approved FY 2010 budget level with supporting documentation will be sent to OMB on Thursday, February 19<sup>th</sup>.
- Budget submission to Congress in late March



# FY 2011 Budget Process

- Partner with Trademarks to produce fee/workload estimates – March
- Provide update of Zero Base approach to all Business Units – April
- Provide guidance of the FY 2011 process to all Business Units – April
- Business Units submit FY 2011 Initiatives requests – June
- Brief TPAC on the status of FY 2011 Budget Request – July
- USPTO executives and TPAC provide input to OCFO – Late July
- Submit a draft of the FY 2011 Budget Request to all Business Units for review – August
- Submit USPTO FY 2011 Budget Request to OMB – September